

February 3, 2009

Third-Quarter Consolidated Earnings Report for Fiscal 2008, Ending March 31, 2009

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(Millions of yen rounded down)

1. Consolidated Operating Results for the First Three Quarters of Fiscal 2008 (April 1, 2008 to December 31, 2008)

(1) Consolidated Operating Results (Cumulative)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2008, First Three Quarters	182,481		6,129		7,114		4,133	
Fiscal 2007, First Three Quarters	216,293	(6.8)	8,118	18.2	8,661	21.8	5,145	5.3

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Fiscal 2008, First Three Quarters	117.55	—
Fiscal 2007, First Three Quarters	142.22	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
December 31, 2008	161,287	117,184	72.6	3,352.19
March 31, 2008	174,022	118,911	68.3	3,348.70

(Reference)

Shareholders' equity: Dec. 31, 2008: 117,074 million yen
 Mar. 31, 2008: 118,782 million yen

2. Dividends

(Record Date)	Dividends per Share				
	Jun. 30, 2008	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2007	—	40.00	—	40.00	80.00
Fiscal 2008	—	40.00	—	—	—
Fiscal 2008 (Forecast)	—	—	—	40.00	80.00

Note: Revision to dividend forecast for the third quarter of the fiscal year ending March 31, 2009: No

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009) [Reference]

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Fiscal Year	220,000	(23.1)	6,000	(44.1)	7,000	(37.9)	4,000	(40.6)	114.00

Note: Revisions to consolidated operating forecasts for the third quarter of the fiscal year ending March 31, 2009: Yes

4. Other

- (1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation: No
- (2) Application of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements: Yes
- (3) Changes in Accounting Principles, Procedures and Presentation Methods in connection with the Preparation of Quarterly Consolidated Financial Statements (Recorded under “Changes in Important Items Considered Fundamental to the Preparation of Quarterly Consolidated Financial Statements”)

1. Changes in accordance with revisions to accounting standards and related practices: Yes
2. Changes in items other than 1. above: No

Note: Please refer to “Qualitative Information / Financial Statements and Other” 4. Other on pages 6 and 7 for details.

(4) Number of Shares Issued and Outstanding (Common Stock)

1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:
Dec. 31, 2008 36,500,000 shares Mar. 31, 2008 36,500,000 shares
2. Total number of treasury stock as of the period-end:
Dec. 31, 2008 1,575,264 shares Mar. 31, 2008 1,028,717 shares
3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
Third quarter fiscal 2008 35,167,463 shares Third quarter fiscal 2007 36,182,249 shares

Cautionary Statement Concerning Operating Results Forecasts and Other Special Items

[Regarding the use of operating results forecasts]

The aforementioned forecasts were made based on information available to management as of the date of this report. Actual results could differ significantly from forecasts due to a variety of factors.

Effective from the fiscal year ending March 31, 2009, Ryosan Company, Limited has applied the Accounting Standard for Quarterly Financial Reporting Statement No. 12 issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007 and the Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14 issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting.

[Qualitative Information / Financial Statements and Other]

1. Qualitative Information and Other matters Concerning Consolidated Operating Results for the First Three Quarters of Fiscal 2008

(1) Overview

Looking at macroeconomic conditions throughout the first three quarters of fiscal 2008, the nine-month period from April 1, 2008 to December 31, 2008, the global economy entered a period of steady decline. This was mainly attributable to the collapse of the sub-prime loan bubble, resulting in what many pundits have called a “once in a century financial crisis,” and has contributed to a slump in the real economy. On the domestic front, business results in Japan’s corporate sector have been further affected by the marked and sharp appreciation in the value of the yen.

In the electronics industry, the Ryosan Group’s principal field of activity, demand fell dramatically prompting unprecedented adjustments in production by most if not all manufacturers.

Under this prevailing harsh business environment, the Ryosan Group continued to push forward under the guidance of its seventh medium-term management plan with the aim of boosting its operating results. During the period under review, the Group worked diligently to promote a growth strategy while at the same time implementing measures designed to improve its earnings structure. Despite these endeavors, and in light of the rapid drop in demand for semiconductors and electronic components, Ryosan incurred a decline in both revenues and earnings. Consolidated net sales for the nine-month period ended December 31, 2008 were ¥182,481 million, a decrease of 15.6% compared with the corresponding period of the previous fiscal year. From a profit perspective, operating income fell 24.5% year on year to ¥6,129 million, ordinary income contracted 17.9% to ¥7,114 million and net income for the first three quarters of the fiscal year under review dropped 19.7% compared with the corresponding period of the previous fiscal year to ¥4,133 million.

(2) An Overview of Operating Results by Business Segment

a. Semiconductors

In the Semiconductor segment, the Ryosan Group is engaged in the sales of memories, system LSIs and discrete semiconductors. The Group is also active in the development of system LSIs. In the first three quarters of the fiscal year ending March 31, 2009, sales of system LSIs for digital AV devices, ASICs for camera modules and other products declined. As a result, Semiconductor segment sales fell 12.5% compared with the corresponding period of the previous fiscal year to ¥98,993 million, while segment operating income contracted 18.8% year on year to ¥4,693 million.

b. Electronic components

In the Electronic Components segment, the Ryosan Group is active in the sale of display devices, power supplies and mechanical components. During the period under review, sales of LCDs for PNDs and digital still cameras as well as other products decreased. Accounting for these factors, sales in the Electronic Components segment declined 23.1% compared with the corresponding period of the previous fiscal year to ¥61,412 million. On the earnings front, segment operating income fell 23.2% year on year to ¥2,571 million.

c. Electronic equipment

The Ryosan Group markets systems equipment and facilities equipment in the Electronic Equipment segment. Reflecting the drop in systems equipment sales for arcade games and other products, sales in the

Electronic Equipment segment edged down 3.4% compared with the corresponding period of the previous fiscal year to ¥16,455 million. On a year-on-year basis, segment operating income dropped 27.6% to ¥378 million.

d. Ryosan products

In the Ryosan Products segment, the Group manufactures and markets heat sinks, which are devices that dissipate the heat generated by semiconductors. During the first three quarters of the fiscal year under review, segment sales amounted to ¥5,620 million, a decrease of 10.2% compared with the corresponding period of the previous fiscal year. This was mainly attributable to the decline in sales of certain products including heat sinks used in measuring equipment. Turning to segment earnings, on the other hand, operating income climbed 15.1% compared with the corresponding period of the previous fiscal year to ¥541 million.

(3) An Overview of Operating Results by Geographic Region

a. Japan

In the nine-month period ended December 31, 2008, the Ryosan Group posted lower year-on-year sales of LCDs for PNDs, ASICs for camera modules and other products in Japan. Accounting for these factors, domestic sales declined 15.3% compared with the corresponding period of the previous fiscal year to ¥135,321 million. On the earnings front, operating income amounted to ¥4,142 million, a year-on-year decrease of 27.6%.

b. Asia

Sales of system LSIs for digital AV devices and car audio equipment as well as other products deteriorated during the first three quarters of the fiscal year under review. As a result, sales in the Asia region amounted to ¥56,495 million, a drop of 18.2% compared with the corresponding period of the previous fiscal year. Operating income also contracted 15.8% year on year totaling ¥1,591 million for the period under review.

2. Qualitative Information and Other Matters Concerning Consolidated Financial Position for the end of the Third Quarter of Fiscal 2008

(1) An Overview of Financial Position

Total assets as of December 31, 2008 stood at ¥161,287 million, a decrease of ¥12,735 million compared with the end of the previous fiscal year.

Net assets amounted to ¥117,184 million as of the end of the period under review, down ¥1,726 million compared with the previous fiscal year-end. As a result, the equity ratio (net assets to total assets) was 72.6%.

(2) An Overview of Cash Flows

Cash and cash equivalents as of December 31, 2008 stood at ¥42,992 million. This was ¥84 million lower than the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities for the nine-month period ended December 31, 2008 amounted to ¥5,659 million. Major cash inflows for the period were income before income taxes and minority interests totaling ¥6,959 million and a decrease in accounts receivable of ¥14,843 million. Principal cash outflows were a decrease in accounts payable amounting to ¥9,385 million and income taxes paid of ¥4,157 million.

(Cash flows from investing activities)

Net cash used in investing activities for the first three quarters of the fiscal year ending March 31, 2009 totaled ¥3,314 million. Major movements were payments for time deposits of ¥3,000 million, purchases of property, plant and equipment of ¥181 million and an increase in loans amounting to ¥116 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,886 million. During the period under review, Ryosan undertook repurchases of treasury stock totaling ¥1,270 million. Other financing cash outflows included cash dividends paid of ¥2,815 million and an increase in short-term borrowings, net of ¥2,196 million.

3. Qualitative Information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2009

Impacted by the worldwide recession and simultaneous downturns in the economies of industrialized and emerging nations, current harsh economic conditions are expected to continue into the foreseeable future. Taking into consideration the Ryosan Group's operating results for the first three quarters of the fiscal year ending March 31, 2009 as well as expectations of a further slump in demand by business partners for semiconductors, electronic components and other products during the fourth quarter of the fiscal year under review, the Company has revised its forecasts of consolidated operating results for the fiscal year ending March 31, 2009 previously disclosed on October 30, 2008. Brief details are as follows.

[Forecasts of consolidated operating results]

Millions of yen unless otherwise stated

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	260,000	8,400	9,300	5,700	162.99
Revised forecast (B)	220,000	6,000	7,000	4,000	114.00
Change (B – A)	(40,000)	(2,400)	(2,300)	(1,700)	—
Change (%)	(15.4)	(28.6)	(24.7)	(29.8)	—
FY 2007	286,098	10,737	11,277	6,738	187.15

[(Reference) Forecasts of non-consolidated operating results]

Millions of yen unless otherwise stated

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	190,000	5,600	7,500	4,300	122.96
Revised forecast (B)	166,000	3,900	5,900	3,300	94.05
Change (B – A)	(24,000)	(1,700)	(1,600)	(1,000)	—
Change (%)	(12.6)	(30.4)	(21.3)	(23.3)	—
FY 2007	212,419	7,574	9,455	5,499	152.75

(Forecast Operating Results by Business Segment)

a. Semiconductors

In the Semiconductor segment, Ryosan is projecting sales of system LSIs for digital AV devices, ASICs for camera modules and other products to decline. As a result, sales in this segment for the full fiscal year ending March 31, 2009 are forecast to fall 22.1% compared with the previous fiscal year to ¥116,000

million. From a profit perspective, operating income is also anticipated to contract 31.1% year on year to ¥5,000 million.

b. Electronic components

For the full fiscal year ending March 31, 2009, sales of LCDs for PNDs and digital still cameras as well as other products are expected to decrease. On this basis, Electronics Components segment sales are forecast to drop 27.0% compared with the previous fiscal year to ¥75,300 million. On the earnings front, operating income is projected to fall 34.1% year on year to ¥2,900 million.

c. Electronic equipment

In the Electronic Equipment segment, sales of equipment for manufacturing magnetic heads and other products are anticipated to decline over the full fiscal year ending March 31, 2009. Accounting for these factors, segments sales are forecast to decrease 14.3% compared with the previous fiscal year to ¥22,000 million while operating income is expected to decline 62.4% year on year to ¥380 million.

d. Ryosan products

For the fiscal year under review, sales of heat sinks for FA equipment and other products are projected to fall. As a result, sales in the Ryosan Products segment are forecast to contract 20.1% compared with the previous fiscal year to ¥6,700 million. Operating income is also anticipated to decline 29.6% year on year to ¥520 million.

4. Other

(1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation: None.

(2) Application of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements:

The simplified accounting method is used in certain cases where the monetary effect is considered negligible.

(3) Changes in Accounting Principles, Procedures and Presentation Methods in connection with the Preparation of Quarterly Consolidated Financial Statements:

1. Effective from the first quarter of the fiscal year ending March 31, 2009, Ryosan Company, Limited has applied the Accounting Standard for Quarterly Financial Reporting Statement No. 12 issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007 and the Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14 issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting.
2. In connection with inventories held for sale in the ordinary course of business, the Ryosan Group has historically adopted the lower of cost or market value determined by the moving average method. Effective from the first quarter of the fiscal year ending March 31, 2009, the Ryosan Group has adopted ASBJ Statement No. 9 “Accounting Standard for the Measurement of Inventories.” As a result, inventories are in principle stated at cost, cost being determined by the moving average method (with book values written down due to decreased profitability of balance sheet asset amounts).

Taking into consideration this change in accounting standard, and in comparison with the previous method, gross profit; operating income, and; ordinary income each decline by ¥21 million, while income before income taxes and minority interests decreases by ¥134 million.

The impact of this change on business segments is identified in individual business segment information.

3. From a consolidated account settlement perspective, the Ryosan Group has undertaken all essential adjustments following adoption of the Practical Issues Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” issued by the ASBJ on May 17, 2006 from the first quarter of the fiscal year ending March 31, 2009.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	Third Quarter of the Fiscal Year Ending March 31, 2009 (As of December 31, 2008)	Fiscal Year Ended March 31, 2008 (As of March 31, 2008)
ASSETS		
Current assets:		
Cash and deposits	40,993	25,087
Trade notes and accounts receivable	71,142	87,219
Marketable securities	1,998	17,992
Merchandise	18,172	16,313
Finished products	290	303
Raw materials	278	329
Work in process	135	191
Accrued income	2,668	2,287
Deferred tax assets	312	525
Other current assets	491	408
Allowance for doubtful accounts	(166)	(225)
Total current assets	136,317	150,432
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	5,188	5,402
Land	8,198	8,210
Other fixed assets (net)	762	996
Total property, plant and equipment	14,149	14,610
Intangible fixed assets:		
Goodwill	50	101
Other intangible fixed assets	523	585
Total intangible fixed assets	573	687
Investments and other assets:		
Investment securities	2,946	4,042
Deferred tax assets	2,420	2,265
Long-term deposits	3,500	500
Other	2,427	2,709
Allowance for doubtful accounts	(976)	(1,140)
Allowance for loss on investments	(71)	(85)
Total investments and other assets	10,246	8,292
Total fixed assets	24,970	23,590
Total assets	161,287	174,022

5. Consolidated Quarterly Financial Statements

(Millions of yen)

	Third Quarter of the Fiscal Year Ending March 31, 2009 (As of December 31, 2008)	Fiscal Year Ended March 31, 2008 (As of March 31, 2008)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	33,214	43,519
Short-term bank loans	5,610	4,090
Accrued income taxes	278	2,120
Provision for bonuses	459	—
Other current liabilities	1,921	2,916
Total current liabilities	41,485	52,646
Long-term liabilities:		
Employees' retirement benefits	2,299	2,149
Other long-term liabilities	317	314
Total long-term liabilities	2,617	2,463
Total liabilities	44,102	55,110
NET ASSETS		
Shareholders' equity:		
Common stock	17,690	17,690
Additional paid-in capital	19,121	19,122
Retained earnings	86,775	85,457
Treasury stock	(4,206)	(2,940)
Total shareholders' equity	119,380	119,329
Valuation and conversions:		
Net unrealized gain on other marketable securities	(11)	520
Gain (loss) on deferred hedges	(8)	(6)
Foreign currency translation adjustments	(2,285)	(1,061)
Total valuation and conversions	(2,306)	(547)
Minority interests		
Total net assets	117,184	118,911
Total liabilities and net assets	161,287	174,022

5. Consolidated Quarterly Financial Statements
(2) Consolidated Quarterly Statement of Income (Cumulative)

(Millions of yen)

	First Three Quarters of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to December 31, 2008)
Net sales	182,481
Cost of Sales	165,823
Gross Profit	16,657
Selling, general and administrative expenses	
Packaging and freight expenses	525
Directors' remuneration	403
Employees' salaries	2,710
Bonuses	1,019
Retirement benefit expenses	345
Employee benefits	601
Depreciation and amortization	445
Other	4,477
Total selling, general and administrative expenses	10,528
Operating income	6,129
Non-operating income	
Interest income	136
Dividend income	337
Management consultation fee	113
Gain on foreign exchange	198
Other	341
Total non-operating income	1,127
Non-operating expenses	
Interest expense	114
Other	27
Total non-operating expenses	141
Ordinary income	7,114
Extraordinary gains	
Gain on sale of property, plant and equipment	2
Gain on reversal of allowance for doubtful accounts	208
Gain on reversal of allowance for loss on investment	13
Total extraordinary gains	224
Extraordinary losses	
Loss on disposal of property, plant and equipment	33
Loss on devaluation of inventories	112
Loss on devaluation of investment securities	225
Loss on devaluation of golf club memberships	8
Total extraordinary losses	380
Income before income taxes and minority interests	6,959
Income taxes current	2,391
Income taxes deferred	429
Total income taxes	2,820
Minority interests	4
Net income	4,133

5. Consolidated Quarterly Financial Statements
(3) Consolidated Quarterly Statement of Cash Flows

(Millions of yen)

First Three Quarters of the
Fiscal Year Ending March 31, 2009
(April 1, 2008 to December 31, 2008)

Cash flows from operating activities:	
Income before income taxes and minority interests	6,959
Depreciation and amortization	583
Decrease in allowance for doubtful accounts	(208)
Increase in employees' retirement benefits	156
Interest an dividend income	(474)
Interest expense	114
Loss on sale and disposal of property, plant and equipment	33
Loss on devaluation of investment securities	225
Decrease in accounts receivable	14,843
Increase in inventories	(2,236)
Decrease in accounts payable	(9,385)
Other	(1,143)
Subtotal	9,468
Interest and dividends received	462
Interest paid	(114)
Income taxes paid	(4,157)
Net cash provided by operating activities	5,659
Cash flows from investing activities:	
Payments for time deposits	(3,000)
Purchases of property, plant and equipment	(181)
Proceeds from sale of property, plant and equipment	13
Purchases of intangible fixed assets	(2)
Payments for the acquisition of shares in affiliates	(27)
Increase in loans	(116)
Net cash used in investing activities	(3,314)
Cash flows from financing activities:	
Increase in short-term borrowings, net	2,196
Repurchases of treasury stock	(1,270)
Proceeds from disposal of treasury stock	3
Cash dividends paid	(2,815)
Net cash used in financing activities	(1,886)
Effect of foreign currency translation adjustments on cash and cash equivalents	(542)
Net increase in cash and cash equivalents	(84)
Cash and cash equivalents at the beginning of the period	43,077
Cash and cash equivalents at the end of the period	42,992

Effective from the first quarter of the fiscal year ending March 31, 2009, Ryosan Company, Limited has applied the Accounting Standard for Quarterly Financial Reporting Statement No. 12 issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007 and the Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14 issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting.

(4) Notes Regarding Going Concern Assumptions

None.

(5) Segment Information

[Segment Information by Business Type]

For the First Three Quarters of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to December 31, 2008)

(Millions of yen)

	Semiconductors	Electronic Components	Electronic Equipment	Ryosan Products	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income							
Sales:							
(1) Sales to External Customers	98,993	61,412	16,455	5,620	182,481	—	182,481
(2) Internal Sales between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	98,993	61,412	16,455	5,620	182,481	—	182,481
Operating Expenses	94,299	58,841	16,077	5,078	174,296	2,055	176,351
Operating Income	4,693	2,571	378	541	8,184	(2,055)	6,129

Notes:

- Methods of determining business segments and main products classified under each business segment
 - Business segments are classified on the basis of organization, product type and sales structure.
 - Main products of each business segment:
 - Semiconductors: memories, system LSIs, discrete semiconductors
 - Electronic components: display devices, power supplies, electromechanical parts
 - Electronic equipment: systems equipment, facilities equipment
 - Ryosan products: heat sinks (semiconductor circuit elements)
- Unallocated operating expenses included in “Eliminations or Corporate” totaled ¥2,055 million in the third quarter of the fiscal year ending March 31, 2009. These expenses consisted principally of Ryosan’s expenses related to the Company’s planning, administration and accounting departments.
- Effective from the first quarter of the fiscal year ending March 31, 2009, the Ryosan Group has adopted ASBJ Statement No. 9 “Accounting Standard for the Measurement of Inventories” issued on July 5, 2006. As a result, the method for measuring inventories has changed from the lower of cost or market method to the cost method (with book values written down due to decreased profitability of balance sheet asset amounts).

On this basis, and in comparison with the previous method, operating income for the Semiconductor, Electronic Components and Ryosan Products segments decline by ¥15 million, ¥5 million and ¥4 million, respectively. Operating income for the Electronic Equipment segment increases by ¥3 million.

[Geographical Segment Information]

For the First Three Quarters of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to December 31, 2008)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	126,226	56,255	182,481	—	182,481
(2) Internal Sales between Segments of Exchange	9,095	240	9,335	(9,335)	—
Total Sales	135,321	56,495	191,816	(9,335)	182,481
Operating Expenses	131,179	54,903	186,082	(9,731)	176,351
Operating Income	4,142	1,591	5,733	395	6,129

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:
Asia: Hong Kong, Singapore, Taiwan, Malaysia and others
- Operating expenses are allocated to each geographical segment.
- Effective from the first quarter of the fiscal year ending March 31, 2009, the Ryosan Group has adopted ASBJ Statement No. 9 “Accounting Standard for the Measurement of Inventories” issued on July 5, 2006. As a result, the method for measuring inventories has changed from the lower of cost or market method to the cost method (with book values written down due to decreased profitability of balance sheet asset amounts).

On this basis, and in comparison with the previous method, operating income in Japan and Asia decline by ¥19 million and ¥2 million, respectively

[Overseas Sales]

For the First Three Quarters of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to December 31, 2008)

(Millions of yen)

	Asia	Total
Overseas Sales	70,665	70,665
Consolidated Net Sales	—	182,481
Ratio of Overseas Sales to Consolidated Net Sales (%)	38.7	38.7

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:
Asia: Hong Kong, Korea, China, Taiwan and others
- Overseas sales represent the total of export sales of the parent company and sales of its consolidated subsidiaries outside Japan (excluding intra-group sales).

(6) Notes Regarding Substantial Changes in Shareholders' Equity

None.

[Reference Material]**Financial Statements and Other Information for the First Three Quarters of the Fiscal Year Ended March 31, 2008****(1) First Three Quarters Consolidated Statement of Income**

(Millions of yen)

	First Three Quarters of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to December 31, 2007)
I. Net sales	216,293
II. Cost of sales	197,293
Gross profit	19,000
III. Selling, general and administrative expenses	10,881
Operating income	8,118
IV. Non-operating income	814
1. Interest and dividend income	236
2. Business guidance fee	118
3. Gain on foreign exchange	6
4. Refund on cancellation of insurance contracts	114
5. Other	338
V. Non-operating expenses	271
1. Interest expense	197
2. Other	74
Ordinary income	8,661
VI. Extraordinary gains	34
1. Gain on sale of property, plant and equipment	1
2. Gain on reversal of allowance for doubtful accounts	32
3. Other	1
VII. Extraordinary expenses	79
1. Loss on sale and disposal of property, plant and equipment	31
2. Loss on devaluation of investment securities	47
Income before income taxes and minority interests	8,616
Income taxes — current	3,185
Income taxes — deferred	284
Loss in equity of minority interests	(0)
Net income	5,145

(2) First Three Quarters Consolidated Statement of Cash Flows

(Millions of yen)

	First Three Quarters of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to December 31, 2007)
I. Cash flows from operating activities:	
Income before income taxes and minority interests	8,616
Depreciation and amortization	645
Decrease in transfer to allowance for doubtful accounts	(32)
Increase in employees' retirement benefits	123
Interest and dividend income	(236)
Interest expense	197
Gain on sale of property, plant and equipment	(1)
Loss on sale and disposal of property, plant and equipment	31
Decrease in notes and accounts receivable	6,545
Increase in inventories	(683)
Decrease in notes and accounts payable	(4,270)
Other	(1,278)
Subtotal	9,657
Interest and dividends received	249
Interest paid	(196)
Income taxes paid	(4,723)
Net cash provided by operating activities	4,987
II. Cash flows from investing activities:	
Net increase in time deposits	(14)
Purchases of property, plant and equipment	(311)
Proceeds from sale of property, plant and equipment	7
Purchases of intangible fixed assets	(4)
Purchases of investment securities	(199)
Proceeds from collection of loans	102
Net cash used in investing activities	(420)
III. Cash flows from financing activities:	
Increase in short-term borrowings, net	55
Repurchases of treasury stock	(2,883)
Cash dividends paid	(2,897)
Net cash used in financing activities	(5,724)
IV. Effect of foreign currency translation adjustments on cash and cash equivalents	104
V. Net decrease in cash and cash equivalents	(1,053)
VI. Cash and cash equivalents at the beginning of the period	40,880
VII. Cash and cash equivalents at the end of the period	39,827

(3) Segment Information

[Segment Information by Business Type]

For the First Three Quarters of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to December 31, 2007)

(Millions of yen)

	Semiconductors	Electronic Components	Electronic Equipment	Ryosan Products	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income							
Sales:							
(1) Sales to External Customers	113,154	79,843	17,040	6,255	216,293	—	216,293
(2) Internal Sales Between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	113,154	79,843	17,040	6,255	216,293	—	216,293
Operating Expenses	107,371	76,493	16,518	5,784	206,168	2,006	208,175
Operating Income	5,783	3,349	522	470	10,125	(2,006)	8,118

Notes:

1. Methods of determining business segments and main products classified under each business segment
 - (1) Business segments are classified on the basis of organization, product type and sales structure.
 - (2) Main products of each business segment:
 - Semiconductors: memories, system LSIs, discrete semiconductors
 - Electronic components: display devices, power supplies, electromechanical parts
 - Electronic equipment: systems equipment, facilities equipment
 - Ryosan products: heat sinks (semiconductor circuit elements)
2. Unallocated operating expenses included in “Eliminations or Corporate” totaled ¥2,006 million in the third quarter of the fiscal year ended March 31, 2008. These expenses consisted principally of Ryosan’s information system investment and expenses related to the Company’s planning, administration and accounting departments.

[Geographical Segment Information]

For the First Three Quarters of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to December 31, 2007)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	147,571	68,722	216,293		216,293
(2) Internal Sales between Segments of Exchange	12,188	366	12,554	(12,554)	
Total Sales	159,759	69,088	228,848	(12,554)	216,293
Operating Expenses	154,039	67,199	221,238	(13,063)	208,175
Operating Income	5,720	1,889	7,609	508	8,118

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:
Asia: Hong Kong, Singapore, Taiwan, Malaysia and others
3. Operating expenses are allocated to each geographical segment.

[Overseas Sales]

For the First Three Quarters of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to December 31, 2007)

(Millions of yen)

	Asia	Total
Overseas Sales	87,308	87,308
Consolidated Net Sales		216,293
Ratio of Overseas Sales to Consolidated Net Sales (%)	40.4	40.4

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:
Asia: Hong Kong, Korea, China, Taiwan and others
3. Overseas sales represent the total of export sales of the parent company and sales of its consolidated subsidiaries outside Japan (excluding intra-group sales).